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C. DUKES SCOTT
EXECUTIVE DIRECTOR

P.O. Box 11263
Columbia, S.C. 29211



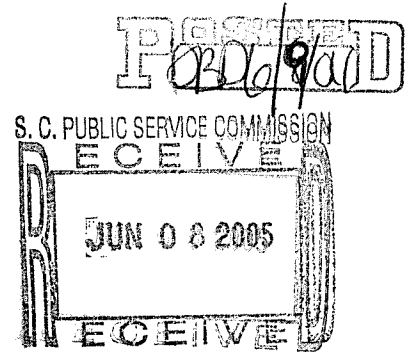
Phone: (803) 737-0800
Fax: (803) 737-0801

DAN F. ARNETT
CHIEF OF STAFF

June 7, 2005

VIA U.S. MAIL

Mr. Charles L.A. Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210



Re: Application of CUC, Inc. for Approval of New Schedule of Rates and
Charges for Water and Sewerage Service Provided to its Customers at
Callawassie Island and Spring Island in Beaufort County, South Carolina.
Docket No. 2005-87-W/S

Dear Charles:

For your docket, please find enclosed a copy of the Office of Regulatory Staff's
First Continuing Data Request which was served on CUC, Inc. Also, if you would please
date stamp the extra copy and return it to me via the enclosed self-addressed stamped
envelope.

Please let me know if you have any questions.

Sincerely,

Shannon Hudson

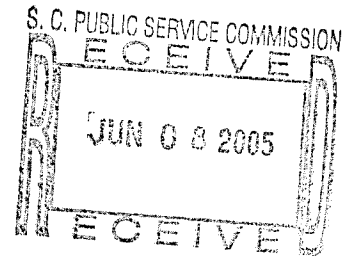
Shannon Bowyer Hudson

SBH/wot
Enclosures

cc: Mr. Billy F. Burnett, President
Steven G. Mikell, Esquire
Mr. Joe Maready

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2005- 87 -W/S



IN RE: Application of CUC, Inc. for)
Approval of New Schedule of)
Rates and Charges for Water)
And Sewerage Service Provided)
to its Customers at Callawassie)
Island and Spring Island in)
Beaufort County, South Carolina)
_____)

CERTIFICATE OF SERVICE

This is to certify that I, Rena Grant, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **OFFICE OF REGULATORY STAFF'S FIRST CONTINUING DATA REQUEST** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Mr. Billy F. Burnett, President
2109 Timberlane Drive
Florence, SC 29506

Steven G. Mikell, Esquire
310 West Pine Street
Florence, SC 29501

Mr. Joe Maready
16 Darby Way
West Columbia, SC 29170

Rena Grant

Rena Grant

June 7, 2005
Columbia, South Carolina

C. DUKES SCOTT
EXECUTIVE DIRECTOR

P.O. Box 11263
Columbia, S.C. 29211



Phone: (803) 737-0800
Fax: (803) 737-0801

DAN F. ARNETT
CHIEF OF STAFF

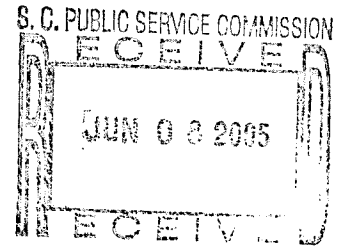
June 7, 2005

VIA U.S. MAIL

Mr. Billy F. Burnett, President
2109 Timberlane Drive
Florence, SC 29506

Steven G. Mikell, Esquire
310 West Pine Street
Florence, SC 29501

Mr. Joe Maready
16 Darby Way
West Columbia, SC 29170



Re: Application of CUC, Inc. for Approval of New Schedule of Rates and Charges for Water and Sewerage Service Provided to its Customers at Callawassie Island and Spring Island in Beaufort County, South Carolina.
Docket No. 2005-87-W/S

Gentlemen:

In accordance with the request in the Application that all communication or inquiries regarding the Application be mailed to your attention, please find enclosed and served on you a copy of the Office of Regulatory Staff's First Continuing Data Request. Pursuant to the South Carolina Public Service Regulations, please provide responses to the Data Requests within ten days. Please let me know if you have any questions.

Sincerely,

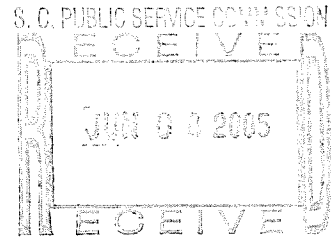
Shannon Hudson

Shannon Bowyer Hudson

SBH/wot
Enclosures

cc: Mr. Charles L.A. Terreni (w/encl)

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2005- 87 -W/S



IN RE: Application of CUC, Inc. for)	
Approval of New Schedule of)	
Rates and Charges for Water)	OFFICE OF REGULATORY
And Sewerage Service Provided)	STAFF'S FIRST CONTINUING
to its Customers at Callawassie)	DATA REQUEST
Island and Spring Island in)	
Beaufort County, South Carolina)	
_____)	

TO: STEPHEN G. MIKELL, ESQUIRE, ATTORNEY FOR THE APPLICANT, CUC, INC. ("CUC"), MR. BILLY F. BURNETT, PRESIDENT, AND MR. JOE MAREADY.

INSTRUCTIONS

The Office of Regulatory Staff hereby requests, pursuant to 26 S.C. Code Regs. 103-853 (Supp. 2003), that the Applicant answer the following data requests in writing and under oath within ten (10) days after service. Answers should be provided to the Office of Regulatory Staff, 1441 Main Street, Suite 300, Columbia, South Carolina, 29201. If you are unable to respond to any of the data requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these data requests, "identify" means, when asked to identify a person or an entity, to provide the full name, title, and current address and telephone number. When asked to identify a document, "identify" means to provide a full and detailed description of the document and the name and address of the person who has custody of the document. In lieu of providing a full and detailed description of a document, you may attach to your responses a

copy of the document and identify the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings. As used in this data request, "address" means mailing address and business address.

Wherever in this data request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

IT IS HEREIN REQUESTED:

- A. That all information shall be provided to the undersigned in the format as requested.
- B. That all responses to the requests below be labeled using the same numbers as used herein.
- C. That each of the enumerated data requests be reproduced at the beginning of each of the responses.
- D. That if the requested information is found in other places or in other exhibits, reference not be made to those, but instead, that the information be reproduced and placed in the data request in the appropriate sequence.
- E. That any inquiries or communications relating to questions concerning clarifications of the data requested below be directed to the undersigned.
- F. That all exhibits be reduced to 8 ½" x 11" format, where practical.
- G. That the requested information be bound in ring binders (loose leaf notebooks) or otherwise suitably bound.
- H. That in addition to the signature and verification at the close of the Applicant's responses, the Applicant witness(es) or employee(s) responsible for the information contained in each response be indicated.

- I. That the Applicant provide to the Office of Regulatory Staff two copies of the responses to this data request as soon as possible but no later than ten (10) days after service thereof.
- J. If the response to any data request is that the information requested is not currently available, please state when the information requested will be available.
- K. This data request shall be deemed to be continuing so as to require the Applicant to supplement or amend its responses as any additional information becomes available.

QUESTIONS

- 1.1 Identify the names and business titles of all people who provided information for the preparation of the Application.
- 1.2 Identify the names and business titles of all people who provided information for the preparation of the Application exhibits. Indicate who calculated the numbers for each exhibit and list the appropriate exhibit next to the individual's name.
- 1.3 Identify any construction and/or upgrades proposed for or taking place at CUC.
- 1.4 Identify any subsidiary, parent and affiliated companies of CUC and state which entities, if any, are regulated by the Public Service Commission of South Carolina.
- 1.5 Identify all related party transactions during the test year. Related party transactions include all transactions between CUC and its employees, officers, affiliated companies, parent company, subsidiaries and their employees, or officers thereof.
- 1.6 Identify all businesses that share the same office space as CUC.
- 1.7 List all real estate and land rights owned by CUC. If applicable, state the date of the purchases or acquisitions, the purchase price, and the location of the real estate and the physical areas to which any land rights apply.
- 1.8 Provide a detailed listing of the number of residential and commercial customers as of January 1, 2003, December 31, 2004, and June 1, 2005. Provide a detailed breakdown by customer classification and service type.
- 1.9 Does CUC claim or anticipate claiming any state tax credits? If so, list the amount of the tax credit (or expected tax credit), and state where it is included in the financial information submitted with the Application.

- 1.10 Identify employees and officers employed at December 31, 2003, and 2004, including their position, date of hire, salary, bonuses, hours worked per week, exempt/non-exempt status, and duties.
- 1.11 State CUC's practices and procedures for employee and officer bonuses.
- 1.12 Provide any written guidelines for inspecting systems and/or performing maintenance on CUC systems.
- 1.13 Describe all outstanding documented violations by DHEC, if any. If applicable, provide a copy of all documentation from DHEC that discusses the violations along with all responses from CUC.
- 1.14 Provide details and documentation regarding any DHEC fines. If DHEC fines were levied, for what reasons and in what amounts were the fines issued? Provide a copy of the orders dictating the fines.
- 1.15 If CUC has been impacted monetarily by DHEC fines or violations, state where the impact is illustrated in CUC's financial statements.
- 1.16 Provide the most current DHEC Drinking Water Sanitary Survey for the water system.
- 1.17 Provide a copy of the complete customer complaint log detailing all recorded customer complaints about the drinking water and sewer system for the test year ending December 31, 2004.
- 1.18 Subsequent to the last rate case, has CUC had a change in ownership, a change in stock holdings or any change in its ownership structure? If so, set forth and describe the prior ownership arrangement and the current ownership arrangement.
- 1.19 Provide a copy of CUC's performance bond as required by S.C. Code Ann. §58-5-720 and Public Service Commission Regulations 103-512.3 and 103-512.3.1.
- 1.20 Are there any outstanding loan agreements involving CUC? If so, for each loan:
 - a. State whether the loan is approved and finalized.
 - b. State whether CUC is in receipt of the funds from the loan agreement.
 - c. Provide the loan amount.
 - d. Provide the interest rate.
 - e. Provide the loan period in months.
 - f. State the lender.
 - g. State the use or planned use of the loan.
 - h. Provide a copy of each loan agreement, its applicable amortization schedule, and any other relevant documentation.


- 1.21 List by year and by sewer and water category, the total number of bills issued to customers during the years 2002, 2003, and 2004.
- 1.22 Provide all work papers, documents, plats, maps, recordings or other items used to prepare the Application and its attached exhibits, specifically including, detailed work papers for all proposed accounting and pro forma adjustments for revenue, expenses, and operating margin on Exhibit C.
- 1.23 State whether CUC operates on a calendar or fiscal year. If CUC operates on a fiscal year, please state during which month the fiscal year begins and ends.
- 1.24 Provide a copy of all contracts CUC has with water providers and wastewater treatment and disposal providers.
- 1.25 Explain the reason for the difference between the operating loss of \$160,756 and operating margin of (31.05%) as set forth in the application on page 3, Item 6.A. and the operating loss of \$147,865 and operating margin of (28.43%) as set forth on Exhibit C page 1.
- 1.26 State the circumstances surrounding the BJWSA incorrect meter reading during the test year 2004, and provide bills, correspondence or work papers supporting the anticipated additional cost of \$32,007 as stated in CUC's Application.
- 1.27 Provide support and calculations for the following statement from the Application with respect to CUC's last rate case: "The Commission granted a negative operating margin of negative (155%)...."
- 1.28 Exhibit A's description of sewer "Monthly Charges" contains the statement, "All customers will be billed for sewer service at the base facilities charge or 100% of the water bill, whichever is greater." However, Exhibit E (specifically, page 3 of 7) shows that sewer customers are charged both the base facilities charge and the commodity charge. Please provide clarification to how sewer customers are charged.
- 1.29 State or describe the charge (the charge per consumption) to sewer customers who receive water service from BJWSA.
- 1.30 Explain the reasoning for the following requested water and sewer reconnection charge as set forth in Exhibit A: "Customers who ask to be reconnected within nine months of disconnection will be charged the monthly base facility charge for the service period they were disconnected."
- 1.31 Submit a depreciation schedule for all depreciable assets showing each asset's purchase date, purchase cost, beginning accumulated depreciation, current accumulated depreciation, ending accumulated depreciation, useful life, salvage

value, the depreciation method used and any asset information backing up such schedules.

- 1.32 Describe the cause of CUC's long-term debt of \$9,167 and plans for repayment.
- 1.33 Provide work papers for the water and sewer taps contributed capital.
- 1.34 Provide information on the following:
 - a. How many taps have been connected to the systems owned by CUC from inception of the system to the present?
 - b. How much revenue from tap fees has been collected from customers from the inception of the system to the present?
 - c. What is the maximum number of taps that may be installed on the present system?
 - d. How many taps were installed during 2002, 2003, and 2004? Please list installations by year.
 - e. How many tap connections are anticipated per year for the next five years?
 - f. What were the costs expended related to taps each year during 2002, 2003, and 2004? Please list the costs by year.
 - g. What were the total costs capitalized for taps for each year 2002, 2003, and 2004? Please list the capitalized costs by year.
- 1.35 Provide an allocation of the revenues and expenses listed in Exhibit C to water and sewer operations. Provide the basis for the allocation between water and sewer operations.
- 1.36 Describe the "irrigation" revenues listed in Exhibit C.
- 1.37 Explain why "availability fees" are collected and how the fees are used by CUC. State who collects the fees and the terms under which availability fees are paid to CUC.
- 1.38 Describe all adjustments in the accounts for availability fees during 2002, 2003 and 2004.
- 1.39 State the reason(s) for the billing adjustments during 2004.
- 1.40 Describe the purpose of grinder stations and their location, i.e. customer service line or utility service line. Please state whether a grinder station is necessary to provide service.
- 1.41 Itemize the components of "rate case expenses," including legal expenses and postage through the current date.
- 1.42 Provide the amount of accrued interest on customer deposits as of January 1, 2003, and December 31, 2004.

- 1.43 Provide the amount listed in uncollectible accounts as of December 31, 2002, 2003 and 2004, and provide the calculation for the proposed uncollectibles associated with the rate increase.
- 1.44 Provide a comparative balance sheet for years 2002, 2003 and 2004 and an income statement for year 2002.
- 1.45 Provide the amount of water pumped, purchased, and sold by CUC for the twelve months ended December 31, 2002, 2003 and 2004.
- 1.46 Provide the number of gallons of water treated for the twelve months ended December 31, 2002, 2003 and 2004.
- 1.47 Provide a schedule detailing all deferred expenses and revenue included in the test year for water and sewer operations. Detail should include reason for deferral, total amount of expense or revenue from which the deferral arose, amount being deferred, initiation date of deferral, and ending date of deferral.

June 7, 2005



Florence P. Belser, Esquire
Shannon Bowyer Hudson, Esquire
Office of Regulatory Staff
P.O. Box 11263
Columbia, South Carolina 29211